

RAY'S OF SONSHINE

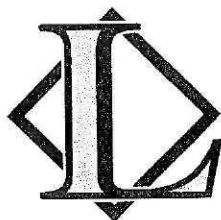
Financial Statements
For the Years Ended December 31, 2012 and 2011

RAYS OF SONSHINE

For the Years Ended December 31, 2012 and 2011

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report -----	2-3
FINANCIAL STATEMENTS	
Statements of Financial Position -----	4-5
Statements of Activities-----	6-7
Statements of Functional Expenses-----	8-11
Statements of Cash Flows -----	12
Notes to Financial Statements -----	13-21
SUPPLEMENTARY INFORMATION	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> -----	22-23
Independent Auditors' Report On Compliance For Each Major Federal Program; and Report On Internal Control Over Compliance In Accordance With OMB Circular A-133-----	24-25
Schedule of Expenditures of Federal Awards and Questioned Costs-----	26
Notes to Schedule of Expenditures of Federal Awards and Questioned Costs -----	27
Schedule of Findings and Questioned Costs-----	28-29
Summary Status of Prior Year Audit Findings-----	30



LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rays of Sonshine
Monroe, LA 71201

Report on the Financial Statements

We have audited the accompanying financial statements of Rays of Sonshine, which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rays of Sonshine as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards and Questioned Costs, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2013 on our consideration of Rays of Sonshine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rays of Sonshine's internal control over financial reporting and compliance.

Little & Associates, LLC

Monroe, Louisiana
June 26, 2013

FINANCIAL STATEMENTS

WAYS OF SONSHINE

Statements of Financial Position

	December 31, 2012		
	Unrestricted	Temporarily Restricted	Total
Assets			
Cash	\$ 72,384	\$ -	\$ 72,384
Investments	128,577	-	128,577
Accounts Receivable			
Federal	48,393	-	48,393
Services	24,926	-	24,926
United Way	-	12,500	12,500
Other	2,235	-	2,235
Land, Building and Equipment	3,761,049	-	3,761,049
Accumulated Depreciation	(414,580)	-	(414,580)
Prepaid Expenses	9,436	-	9,436
Deposits	8,371	-	8,371
Total Assets	<u>\$ 3,640,791</u>	<u>\$ 12,500</u>	<u>\$ 3,653,291</u>
Liabilities and Net Assets			
Liabilities			
Accounts Payable	\$ 72,203	\$ -	\$ 72,203
Deferred Revenue	30,308	-	30,308
Accrued Payroll and Payroll Taxes	21,090	-	21,090
Rental Deposits	8,640	-	8,640
Received from Residents	3,694	-	3,694
Notes Payable	2,250,188	-	2,250,188
Total Liabilities	<u>2,386,123</u>	<u>-</u>	<u>2,386,123</u>
Net Assets			
Unrestricted	1,254,668	-	1,254,668
Temporarily Restricted	-	12,500	12,500
Total Net Assets	<u>1,254,668</u>	<u>12,500</u>	<u>1,267,168</u>
Total Liabilities and Net Assets	<u>\$ 3,640,791</u>	<u>\$ 12,500</u>	<u>\$ 3,653,291</u>

The accompanying notes are an integral part of these financial statements.

RAYS OF SONSHINE

Statements of Financial Position

	December 31, 2011		
	Unrestricted	Temporarily Restricted	Total
Assets			
Cash	\$ 158,400	\$ -	\$ 158,400
Investments	128,564	-	128,564
Accounts Receivable			
Federal	261,025	-	261,025
Services	33,661	-	33,661
United Way	-	10,000	10,000
Land, Building and Equipment	3,021,021	-	3,021,021
Accumulated Depreciation	(306,512)	-	(306,512)
Prepaid Expenses	9,034	-	9,034
Deposits	7,780	-	7,780
Total Assets	<u>\$ 3,312,973</u>	<u>\$ 10,000</u>	<u>\$ 3,322,973</u>
Liabilities and Net Assets			
Liabilities			
Accounts Payable	\$ 349,355	\$ -	\$ 349,355
Deferred Revenue	77,500	-	77,500
Accrued Payroll and Payroll Taxes	9,243	-	9,243
Rental Deposits	1,480	-	1,480
Received from Residents	6,765	-	6,765
Notes Payable	1,987,052	-	1,987,052
Total Liabilities	<u>2,431,395</u>	<u>-</u>	<u>2,431,395</u>
Net Assets			
Unrestricted	881,578	-	881,578
Temporarily Restricted	-	10,000	10,000
Total Net Assets	<u>881,578</u>	<u>10,000</u>	<u>891,578</u>
Total Liabilities and Net Assets	<u>\$ 3,312,973</u>	<u>\$ 10,000</u>	<u>\$ 3,322,973</u>

The accompanying notes are an integral part of these financial statements.

RAYS OF SONSHINE

Statements of Activities
For the Years Ended

	December 31, 2012		
	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Federal			
Supportive Housing Program	\$ 191,406	\$ -	\$ 191,406
Emergency Food Assistance Program - Noncash	80,058	-	80,058
Emergency Food Assistance Program	6,397	-	6,397
LJSC	77,169	-	77,169
HOME Investment Partnership Program	335,104	-	335,104
Federal - Payments for Services			
Block Grant	308,102	-	308,102
Access to Recovery	25,140	-	25,140
Emergency Food Assistance - Nonfederal	261,803	-	261,803
Other Nonfederal Grants	167,192	-	167,192
Contributions	195,994	-	195,994
United Way Allocation	14,832	12,500	27,332
Program Service Fees	9,054	-	9,054
Charitable Gaming	129,518	-	129,518
Cash Prizes	(45,782)	-	(45,782)
Other Revenue	48,219	-	48,219
Rental Revenue	51,171	-	51,171
Total	1,855,377	12,500	1,867,877
Net Assets Released from Restriction	10,000	(10,000)	-
Total Support and Revenue	1,865,377	2,500	1,867,877
Expenses			
Program Services			
Manna Pantry	405,551	-	405,551
Sonshine Coffee	10,026	-	10,026
R.E.A.P.	284,218	-	284,218
Women's Residence	62,791	-	62,791
The Kitchen	40,622	-	40,622
Sonshine Community of Hope	132,325	-	132,325
Transitional Housing 1	15,699	-	15,699
Transitional Housing 2	26,616	-	26,616
Breard Apartments	58,116	-	58,116
Mothers With Children	139,753	-	139,753
Atkins Quarters	2,692	-	2,692
LISC	57,903	-	57,903
SSHII	47,228	-	47,228
Total Program Services	1,283,540	-	1,283,540
Support Services			
Charitable Gaming	68,096	-	68,096
Management and General	140,651	-	140,651
Total Support Services	208,747	-	208,747
Total Expenses	1,492,287	-	1,492,287
Increase (Decrease) in Net Assets	373,090	2,500	375,590
Net Assets at Beginning of Year	881,578	10,000	891,578
Net Assets at End of Year	\$ 1,254,668	\$ 12,500	\$ 1,267,168

The accompanying notes are an integral part of these financial statements.

RAYS OF SONSHINE

Statements of Activities
For the Years Ended

	December 31, 2011		
	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Federal			
Targeted Capacity Expansion	\$ 4,359	\$ -	\$ 4,359
Supportive Housing Program	186,114	-	186,114
Emergency Food Assistance Program - Noncash	83,769	-	83,769
Emergency Food Assistance Program	3,491	-	3,491
HPRP	140,230	-	140,230
LISC	18,558	-	18,558
Federal - Payments for Services			
Block Grant	346,612	-	346,612
Access to Recovery	42,470	-	42,470
AHP	120,000	-	120,000
Access to Recovery - Nonfederal	6,430	-	6,430
Emergency Food Assistance - Nonfederal	221,779	-	221,779
Contributions	63,109	-	63,109
United Way Allocation	12,423	10,000	22,423
Program Service Fees	2,802	-	2,802
Charitable Gaming	131,288	-	131,288
Cash Prizes	(43,162)	-	(43,162)
Other Revenue	48,666	-	48,666
Rental Revenue	15,140	-	15,140
Total	1,404,078	10,000	1,414,078
Net Assets Released from Restriction	186,443	(186,443)	-
Total Support and Revenue	1,590,521	(176,443)	1,414,078
Expenses			
Program Services			
Manna Pantry	367,959	-	367,959
Sonshine Coffee	8,144	-	8,144
R.E.A.P.	315,621	-	315,621
Women's Residence	56,734	-	56,734
The Kitchen	50,903	-	50,903
Sonshine Community of Hope	17,305	-	17,305
Transitional Housing 1	4,457	-	4,457
Transitional Housing 2	11,133	-	11,133
Breard Apartments	64,765	-	64,765
Mothers With Children	105,459	-	105,459
Homeless Prevention and Rapid Re-Housing	132,685	-	132,685
Total Program Services	1,135,165	-	1,135,165
Support Services			
Charitable Gaming	60,327	-	60,327
Management and General	143,203	-	143,203
Total Support Services	203,530	-	203,530
Total Expenses	1,338,695	-	1,338,695
Increase (Decrease) in Net Assets	251,826	(176,443)	75,383
Net Assets at Beginning of Year	629,752	186,443	816,195
Net Assets at End of Year	\$ 881,578	\$ 10,000	\$ 891,578

The accompanying notes are an integral part of these financial statements.

WAYS OF SONSHINE

Statement of Functional Expenses

For the Year Ended December 31, 2012

Program Services										
	Manna Pantry	Sonshine Coffee	R.E.A.P.	Women's Residence	The Kitchen	Sonshine Community of Hope	Transitional Housing 1	Transitional Housing 2	Beard Apartments (HUD)	Mothers With Children
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Alarm System	-	-	-	494	-	-	-	-	1,436	2,260
Automobile	-	-	23,817	-	-	-	166	-	-	500
Bad Debts	-	-	-	-	-	2,142	-	-	-	-
Bank Service Charge	-	-	15	18	-	-	-	-	-	-
Contract Services	-	-	8,600	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-
Depreciation and Amortization	11,178	2,927	6,215	5,086	-	47,150	375	5,550	8,609	7,002
Dues and Subscriptions	-	-	793	-	-	-	-	-	-	-
Insurance	-	498	2,670	2,446	-	10,650	3,344	2,840	2,225	2,392
Interest Expense	-	271	-	7,196	-	18,471	-	-	9,331	6,877
Licenses and Permits	-	50	900	-	-	-	-	-	-	1,200
Marketing and Publicity	-	-	-	-	-	100	-	-	-	-
Meals	-	-	170	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	505	-	-
Office Expenses	-	-	199	-	-	-	-	-	-	-
Printing	-	-	1,009	-	-	-	-	-	-	-
Postage	-	-	163	-	-	227	-	-	-	101
Professional Fees	-	-	-	-	-	-	-	-	-	-
Program Expense	-	-	1,679	-	(135)	-	-	-	-	-
Repairs and Maintenance	2,341	887	9,767	6,447	-	9,402	5,239	5,829	2,190	120
Rent	-	1,800	-	-	-	-	-	-	2,855	2,296
Salaries and Benefits	37,700	841	196,731	30,263	-	24,126	-	554	17,307	88,500
Software Services	-	-	1,230	-	-	-	-	-	-	-
Supplies - Food	341,861	-	-	-	40,757	-	-	-	-	5,681
Supplies	199	739	4,920	167	-	13,147	-	468	677	423
Taxes	3,031	300	13,170	2,371	-	1,423	-	-	232	7,087
Telephone	-	-	4,488	1,562	-	-	-	214	214	2,338
Training	-	-	491	-	-	-	-	-	-	-
Travel and Entertainment	-	-	151	-	-	-	-	-	129	-
Utilities	9,241	1,713	7,040	6,741	-	5,487	6,575	10,656	12,911	12,976
Total Expenses	\$ 405,551	\$ 10,026	\$ 284,218	\$ 62,791	\$ 40,622	\$ 132,325	\$ 15,699	\$ 26,616	\$ 58,116	\$ 139,753

The accompanying notes are an integral part of these financial statements.

WAYS OF SONSHINE

Statement of Functional Expenses

For the Year Ended December 31, 2012

	Program Services				Supporting Services		
	Atkins Quarters	LISC	Sonshine House II	Total Program Services	Charitable Gaming	Management and General	Total
Alarm System	\$ -	\$ -	\$ -	\$ 4,190	\$ -	\$ 189	\$ 4,379
Automobile	-	-	-	24,483	-	863	25,346
Bad Debts	-	-	-	2,142	-	-	2,142
Bank Service Charge	-	-	-	33	68	3,527	3,628
Contract Services	-	-	-	8,600	-	-	8,600
Contributions	2,692	-	44,500	47,192	-	-	47,192
Depreciation and Amortization	-	-	-	94,092	-	17,993	112,085
Dues and Subscriptions	-	-	-	793	-	175	968
Insurance	-	-	-	27,065	-	8,825	35,890
Interest Expense	-	-	2,000	44,146	-	6,106	50,252
Licenses and Permits	-	-	-	2,150	-	-	2,150
Marketing and Publicity	-	-	-	100	-	917	1,017
Meals	-	-	-	170	-	298	468
Miscellaneous	-	-	(182)	323	2,226	(27)	2,522
Office Expenses	-	-	-	199	3,900	1,757	5,856
Printing	-	-	-	1,009	-	980	1,989
Postage	-	65	76	632	-	1,637	2,269
Professional Fees	-	36,250	-	36,250	1,800	26,428	64,478
Program Expense	-	-	-	3,854	475	765	5,094
Repairs and Maintenance	-	-	-	45,063	-	4,338	49,401
Rent	-	-	-	1,800	36,064	-	37,864
Salaries and Benefits	-	19,862	-	415,884	15,079	33,220	464,183
Software Services	-	-	-	1,230	-	5,462	6,692
Supplies - Food	-	-	-	388,299	-	90	388,389
Supplies	-	-	-	20,740	2,215	4,504	27,459
Taxes	-	1,726	-	29,340	6,269	7,928	43,537
Telephone	-	-	-	8,816	-	7,977	16,793
Training	-	-	-	491	-	1,130	1,621
Travel and Entertainment	-	-	-	280	-	611	891
Utilities	-	-	834	74,174	-	4,958	79,132
Total Expenses	\$ 2,692	\$ 57,903	\$ 47,228	\$ 1,283,540	\$ 68,096	\$ 140,651	\$ 1,492,287

The accompanying notes are an integral part of these financial statements.

WAYS OF SONSHINE

Statement of Functional Expenses

For the Year Ended December 31, 2011

Program Services										
	Manna Pantry	Sonshine Coffee	R.E.A.P.	Women's Residence	The Kitchen	Sonshine Community of Hope	Transitional Housing 1	Transitional Housing 2	Board Apartments (HUD)	Mothers With Children
Alarm System	\$ -	\$ -	\$ 54	\$ 911	\$ -	\$ -	\$ -	\$ -	\$ 455	\$ 1,187
Automobile	-	50	27,431	-	-	-	33	-	(110)	-
Bad Debts	-	-	-	-	-	-	-	-	-	-
Bank Service Charge	28	-	35	-	-	-	-	-	338	-
Client Assistance	-	-	195	-	-	-	-	-	-	-
Contract Services	40	-	7,350	-	-	-	-	-	-	-
Contributions	-	-	21	-	-	-	-	-	-	-
Depreciation and Amortization	16,541	1,090	19,591	1,937	4,102	-	288	181	1,488	4,215
Dues and Subscriptions	-	-	1,892	-	-	-	-	-	-	-
Equipment (<\$1,000)	1,968	-	-	-	-	-	1,706	280	2,013	1,186
Insurance	-	457	-	1,880	-	-	-	-	7,771	13,930
Interest Expense	-	519	10,440	-	-	-	-	-	-	920
Licenses and Permits	-	-	1,030	-	-	-	-	-	-	-
Marketing and Publicity	-	263	-	-	-	-	-	-	-	-
Meals	-	-	108	-	-	-	-	-	-	-
Office Expenses	-	-	75	-	-	-	-	-	-	8,254
Printing	-	-	1,159	-	-	-	-	200	-	-
Postage	-	-	1,611	-	-	-	-	-	-	23
Professional Fees	-	-	1,500	-	-	-	-	-	-	-
Program Expense	-	-	3,986	-	-	-	-	150	2,865	-
Repairs and Maintenance	3,391	313	15,546	3,019	-	-	801	1,856	3,114	1,277
Rent	-	1,650	-	-	-	-	-	-	-	-
Salaries and Benefits	39,834	393	185,383	39,485	1,445	17,305	334	4,702	31,444	63,862
Software Services	-	-	1,385	-	-	-	-	-	120	-
Supplies - Food	305,548	-	19	14	45,356	-	-	-	-	-
Supplies	237	1,547	6,363	192	-	-	233	704	2,628	145
Taxes	-	-	-	-	-	-	-	-	-	-
Telephone	85	-	12,282	1,878	-	-	-	796	332	1,889
Training	-	-	955	-	-	-	-	-	114	-
Travel and Entertainment	-	-	137	-	-	-	-	-	-	-
Utilities	287	1,862	17,073	7,418	-	-	1,062	2,264	12,193	8,571
Total Expenses	\$ 367,959	\$ 8,144	\$ 315,621	\$ 56,734	\$ 50,903	\$ 17,305	\$ 4,457	\$ 11,133	\$ 64,765	\$ 105,459

The accompanying notes are an integral part of these financial statements.

WAYS OF SONSHINE

Statement of Functional Expenses

For the Year Ended December 31, 2011

	Program Services		Supporting Services		
	Homeless Prevention and Rapid Re-Housing	Total Program Services	Charitable Gaming	Management and General	Total
	\$	\$	\$	\$	\$
Alarm System	-	2,607	-	891	3,498
Automobile	-	27,404	-	-	27,404
Bad Debts	-	2,142	-	-	2,142
Bank Service Charge	-	401	336	2,552	3,289
Client Assistance	-	195	-	25	220
Contract Services	-	7,390	-	-	7,390
Contributions	-	21	-	-	21
Depreciation and Amortization	-	49,433	-	13,161	62,594
Dues and Subscriptions	-	1,892	-	175	2,067
Equipment (<\$1,000)	-	1,968	-	-	1,968
Insurance	-	7,522	-	14,252	21,774
Interest Expense	-	32,660	-	18,395	51,055
Licenses and Permits	-	1,950	-	157	2,107
Marketing and Publicity	-	263	-	-	263
Meals	-	108	-	121	229
Office Expenses	-	8,329	4,450	90	12,869
Printing	-	1,359	-	-	1,359
Postage	6	1,640	-	862	2,502
Professional Fees	-	1,500	3,770	32,876	38,146
Program Expense	107,989	114,990	150	456	115,596
Repairs and Maintenance	-	29,317	-	8,745	38,062
Rent	-	1,650	38,470	-	40,120
Salaries and Benefits	23,148	407,335	8,286	19,135	434,756
Software Services	-	1,505	-	785	2,290
Supplies - Food	-	350,937	-	-	350,937
Supplies	1,542	13,591	2,761	2,066	18,418
Taxes	-	-	2,104	9,108	11,212
Telephone	-	17,262	-	5,580	22,842
Training	-	1,069	-	-	1,069
Travel and Entertainment	-	137	-	318	455
Utilities	-	50,730	-	13,453	64,183
Total Expenses	\$ 132,685	\$ 1,135,165	\$ 60,327	\$ 143,203	\$ 1,338,695

The accompanying notes are an integral part of these financial statements.

RAY'S OF SONSHINE

Statements of Cash Flows For the Years Ended

	For the Years Ended December 31,	
	2012	2011
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ 375,590	\$ 75,383
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	108,068	62,594
Changes in Assets and Liabilities		
Accounts Receivable	216,632	(147,942)
Prepaid Expenses	(402)	(1,017)
Deposits	(591)	(8,017)
Accounts Payable	(277,152)	190,003
Deferred Revenue	(47,192)	77,500
Deposits Received on Rentals	4,089	(5,167)
Accrued Liabilities	11,847	(10,688)
Total Adjustments	15,299	157,266
Net Cash Provided (Used) by Operating Activities	390,889	232,649
Cash Flows from Investing Activities		
Purchase of Investments	(13)	(22)
Sell of Investments	-	95
Purchase of Property and Equipment	(740,028)	(1,399,665)
Net Cash Provided (Used) by Investing Activities	(740,041)	(1,399,592)
Cash Flows from Financing Activities		
Payment on Notes Payable	(59,852)	(63,674)
Proceeds from New Debt	322,988	1,064,260
Payment on Capital Lease	-	(3,198)
Net Cash Provided (Used) by Financing Activities	263,136	997,388
Increase (Decrease) in Cash	(86,016)	(169,555)
Cash at beginning of Year	158,400	327,955
Cash at End of Year	\$ 72,384	\$ 158,400
Non-Cash Transactions are as follows		
Operating Activities		
Donations of Food from Food Bank	\$ 341,861	\$ 305,548
Disbursements of Food by the Zone	(341,861)	(305,548)
Total Operating Activities	-	-
Cash Paid for Interest	\$ 50,252	\$ 51,055

The accompanying notes are an integral part of these financial statements.

RAYS OF SONSHINE

Notes to Financial Statements For the Years Ended December 31, 2012 and 2011

Note 1 – Description of Organization

Rays of Sonshine (the Organization) was established in 1998 as a non-for-profit volunteer health and welfare organization for the purpose of working to assist individuals in crisis situations through various charitable and educational programs. In 2007 a subsidiary of Rays of Sonshine, Sonshine Neighborhoods and Properties, Inc., was established to construct new homes for rental to low income individuals.

Note 2 – Summary of Significant Accounting Policies

(A) Basis of Accounting and Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

In accordance with Financial Accounting Standard Board Accounting Standards Codification (FASB ASC) 958-205, the Organization is required to report information regarding its financial activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions.

(B) Contributions

In accordance FASB ASC 958-205, "Not For Profit Entities-Revenue Recognition", contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence of donor-imposed restrictions. The Organization has elected to recognize temporarily restricted contributions which are released from the restriction in the same year as unrestricted contributions.

(C) Donated Services

Members, agencies, businesses, volunteers, and others contribute substantial services toward fulfillment of the projects initiated by the Organization. No amounts have been recognized in the Statement of Activities because the criteria for recognition of such volunteer efforts under FASB ASC 958-205 have not been satisfied.

(D) Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. For financial statement purposes, the Organization considers cash in its checking accounts to be the only cash items.

RAYS OF SONSHINE

Notes to Financial Statements For the Years Ended December 31, 2012 and 2011

(E) *Property and Equipment*

Property and equipment are stated at cost. The capitalization policy is to expense all items with a cost of less than \$1,000. All donated capital assets are recorded at fair market value on the date of the donation. Depreciation is computed on a straight-line and double declining balance basis over the useful lives of the assets using the following estimated lives:

	Years
Buildings and Improvements	30
Furniture and Equipment	10-30
Vehicles	3

(F) *Net Assets*

Unrestricted net assets represent the surplus accumulated over the years through the normal operations of the Organization. Income from restricted sources which is received during the year and for which the restrictions are satisfied within the same year, is represented in the changes in unrestricted net assets.

Temporarily restricted net assets at December 31, 2012 and 2011 were \$12,500 and \$10,000 respectively, which represents amounts due from the United Way of Northeast Louisiana, Inc., through June 30, 2013 and 2012 (\$12,500 and \$10,000, respectively). Contributions restricted for the Mother's With Children Program was \$10,000 and the demolition and reconstruction of Zone warehouse was \$2,500 at December 31, 2012. Contributions restricted for the demolition and reconstruction of Zone warehouse was \$10,000 at December 31, 2011.

There were no permanently restricted net assets at June 30, 2012 and 2011.

(G) *Grants*

The Organization receives commodities and other donated food items from the Food Bank of Northeast Louisiana, Inc. (the Food Bank). The Food Bank receives these items as a pass-through grant from the United States Department of Agriculture (USDA) or from other sources. The value of commodities is based on a price list from the USDA. The value for the other food items is based on an average cost per pound provided by America's Second Harvest.

The Local Initiatives Support Corporation has awarded a grant to the Organization that will help pay for consultant fees associated with implementation of a Neighborhood Stabilization Program.

All other grants are based on cost reimbursement.

RAYS OF SONSHINE

Notes to Financial Statements For the Years Ended December 31, 2012 and 2011

(H) Functional Expenses

Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

(I) Programs

The Organization's principal programs are as follows:

Manna Pantry – A food pantry which distributes food to those in need. The food is obtained from the Northeast Louisiana Food Bank which includes food from the USDA.

R.E.A.P. (Overcomers) – This program provides classes to anyone in the community attempting to rebuild life and/or overcome destructive personal habits. Beginning in 2009, this program also encompasses The Mission which provides ministry services for those in crisis situations.

Women's Residence – This program provides shelter to women in crisis situations.

The Kitchen – This program is a food preparation program to provide meals for those individuals living in the Organization's half-way houses. It includes the warehouse which houses the Manna Pantry, as well as some disaster assistance supplies for the United Way of Northeast Louisiana, Inc., Habitat for Humanity and Volunteers of America.

Breard Apartments and Transitional Housing 1 and 2 provide shelter to homeless women that are attending treatment at Rays of Sonshine. What in previous years had been referred to as Transitional Housing 3 is now denoted the Mother's With Children program. This program provides shelter to homeless women that have children and are attending treatment at the Organization.

Targeted Capacity Expansion-Project FAMILY is a Federal Grant funded by the Department of Health and Human Services in which the funds are, beginning in 2009, disbursed among various programs. This program ended during 2011.

Sonshine Coffee is a program designated to provide a training facility for women that are attending treatment at the Organization.

Sonshine Community of Hope is a program that will assist with the construction of new homes on adjudicated lands to be rented to low income individuals and subsidized by the U.S. Department of Housing and Urban Development.

Mother's With Children - This program provides shelter to homeless women that have children and are now attending treatment at Rays of Sonshine.

RAYS OF SONSHINE

Notes to Financial Statements For the Years Ended December 31, 2012 and 2011

(I) Programs (Continued)

Homeless Prevention and Rapid Rehousing – This program provides rental assistance for those pre-qualified individuals or families suffering from homelessness or are at risk of homelessness. This program ended during 2012.

Atkins Quarters – This program provides funds for community development in one single neighborhood – Atkins Quarter.

Local Initiatives Support Corporation (LISC) – This program provides assistance in community development of various neighborhood projects.

Sonshine House II – This program provides 6 permanent apartment housing to low income individuals or families who qualify under HUD guidelines.

(J) Income Taxes

The Organization is exempt from income tax under Internal Revenue Code Section 501(c)(3). This code section enables the Organization to accept donations which qualify as charitable contributions to the donor. The only exception is the income tax paid on gambling proceeds. The Organization has adopted certain provisions of FASB ASC 740, *Income Taxes*. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's Federal Return of Organization Exempt from Income Tax (Form 990) and Exempt Organization Business Income Tax Return (Form 990-T) for the years ended December 31, 2011, 2010 and 2009 are subject to examination by the IRS, generally for three years after they are filed.

(K) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3 – Investments

Investments at December 31, 2012 included only a money market account. Investments held were as follows:

Investment Type	Fair Value	% of Total
Prime Fund Daily Money Class	\$ 128,577	100.0%
Total	<u>\$ 128,577</u>	<u>100.0%</u>

WAYS OF SONSHINE

Notes to Financial Statements For the Years Ended December 31, 2012 and 2011

Note 3 – Investments (Continued)

Investments at December 31, 2011 included publicly traded mutual funds. Investments held were as follows:

Investment Type	Fair Value	% of Total
Prime Fund Daily Money Class	\$ 128,564	100.0%
Total	<u>\$ 128,564</u>	<u>100.0%</u>

Note 4 – Property and Equipment

Property and Equipment consisted of the following:

	December 31,	
	2012	2011
Land	\$ 117,000	\$ 117,000
Construction in Progress	463,469	1,420,873
Buildings	2,684,074	986,673
Building Improvements	331,378	331,348
Vehicle	20,833	20,833
Furniture, Fixtures and Equipment	144,295	144,294
Property and Equipment before Accumulated Depreciation	3,761,049	3,021,021
Less: Accumulated Depreciation	<u>(414,580)</u>	<u>(306,512)</u>
Net Property and Equipment	<u>\$ 3,346,469</u>	<u>\$ 2,714,509</u>

Certain land, building, and improvements are pledged as collateral on a mortgage in favor of JPMorgan Chase Bank at December 31, 2012 and 2011.

Depreciation charged to expense was \$112,085 and \$62,594 for 2012 and 2011, respectively.

RAYS OF SONSHINE

Notes to Financial Statements For the Years Ended December 31, 2012 and 2011

Note 5 – Notes Payable

Notes Payable consisted of the following:

	December 31,	
	2012	2011
Mortgages due to JPMorgan Chase Bank		
6.5% interest rate, secured by real estate. Payments are \$1,880 monthly, due May 21, 2013 at which time a balloon payment of \$198,152 will be due.	\$ 103,075	\$ 118,341
6.20% interest rate, secured by real estate. Payments are \$501 monthly, due March 1, 2014 at which time a balloon payment of \$26,219 will be due.	31,045	34,968
5.24% interest rate, secured by real estate. Payments are \$2,834 monthly, due December 1, 2014 with balloon payment due at that time.	301,267	318,700
7.75% interest rate, secured by real estate. Payments are \$1,137 monthly, due June 7, 2017 at which time a balloon payment of \$57,036 will be due.	91,006	97,398
7.75% interest rate, secured by real estate. Payments are \$759 monthly, due May 15, 2017 at which that time the interest rate on the remaining \$37,490 will be adjusted to reflect market conditions.	60,462	64,613
6.8% interest rate, secured by real estate. Payments are \$1,340 monthly, due April 18, 2018 with balloon payment due at that time.	117,812	125,441
Construction Line of Credit – See below for details.	88,883	—
Mortgage due to Community Trust Bank		
4.89% interest rate, secured by real estate. Payments are \$373 monthly, due March 14, 2017 with balloon payment due at that time	45,624	—
Mortgage due to Cross Keys Bank		
8.0% interest rate, secured by real estate. Payments are \$567 monthly, with the final payment in June 5, 2012.	—	3,382
CDBG Loan		
No-interest loan for the purposes of undertaking and satisfactorily completing NSP activities	1,411,014	1,224,209
Total	2,250,188	1,987,052
Less Current Portion of Notes Payable	(236,871)	(58,847)
Total Long-Term Notes Payable	<u>\$ 2,013,317</u>	<u>\$ 1,928,205</u>

RAYS OF SONSHINE

Notes to Financial Statements For the Years Ended December 31, 2012 and 2011

The aggregate principal payments of long-term indebtedness maturing during the next five years and thereafter are as follows:

Year	Bank Mortgages	CDBG Loan	Total
2013	\$ 236,871	\$ -	\$ 236,871
2014	333,075	-	333,075
2015	25,381	-	25,381
2016	27,246	-	27,246
2017	146,648	-	146,648
Thereafter	69,953	1,411,014	1,480,967
Total	\$ 839,174	\$ 1,411,014	\$ 2,250,188

The CDBG loan is a forgivable loan that starts as each rental unit is completed and operates at a full operating year. The loan forgiveness is at the rate of one-fifteenth of the initial principal loan amount in the case of rehabilitated property and at the rate of one-twentieth of the initial principal loan amount in the case of re-developed (new construction) rental units. As there is no way to ascertain a realistic amount anticipated to be forgiven (assuming on-going compliance with the federal requirements), the \$1,411,014 is being reflected in the Thereafter line item.

Subsequent to year end, the Organization consolidated existing loans into a new loan with JP Morgan Chase Bank, N.A. in the amount of \$146,283. This loan was entered into on March 12, 2013. The unpaid principal balance of this loan shall accrue interest at a fixed rate equal to 4.750 percentage points. Fifty nine (59) payments of principal and interest, each in the amount of \$1,539, beginning on April 12, 2013, and continuing on the same calendar day monthly thereafter, and one final payment of all outstanding principal, together with all accrued unpaid interest and any other unpaid amounts due under this loan, shall be paid on March 12, 2018, the maturity date of this loan. Payments and any other credits shall be allocated among principal, interest, late charges, collection costs, fees and other charges at the discretion of JP Morgan Chase Bank, N.A., unless otherwise required by applicable law. Interest on this loan is computer on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. The note is collateralized by a security interest in the property.

Note 6 – Line of Credit

On January 1, 2012, the Organization entered into a line of credit with JP Morgan Chase Bank, N.A. The maximum amount of credit that can be drawn is \$300,000. The line of credit is for the construction of Sonshine House II. The interest rate is the LIBOR Rate plus 2.708 percentage points. Accrued interest and fees shall be payable monthly, beginning February 19, 2012, and on the same calendar day monthly thereafter, and the principal balance, together with all accrued unpaid interest and any other unpaid amounts due under the

RAYS OF SONSHINE

Notes to Financial Statements For the Years Ended December 31, 2012 and 2011

Note 6 – Line of Credit (Continued)

note, shall be paid on January 19, 2013, the maturity date of the note. The note is collateralized by a security interest in the property. As of December 31, 2012, \$88,883 was drawn against the line of credit.

Note 7 – Federal Grants

The Organization has a contract to provide halfway house services as a pass-through from the Louisiana Department of Health and Hospitals under the United States Department of Health and Human Resources' Block Grant for Prevention and Treatment of Substance Abuse. For its services, the Organization received \$308,102 and \$346,612 in 2012 and 2011, respectively.

During 2006, the Organization was awarded a contract through the same pass-through agency from the same funding source to administer an Access to Recovery voucher program for substance abuse treatment. For its services, the Organization received \$25,140 and \$42,470 of Federal funds, in 2012 and 2011, respectively and \$0 and \$6,430 of State funds in 2012 and 2011.

During 2007, the Organization was awarded a contract from the U.S. Department of Health and Human Services for a Targeted Capacity Response program from September 30, 2007 to March 29, 2011. For its services, the Organization received \$4,359 from 2011. This contract also covers expenses in other functional areas. This contract expired during 2011.

The Organization was awarded grants by the U.S. Department of Housing and Urban Development ("HUD") to promote the development of supportive housing and supportive services, including innovative approaches to assist homeless persons in the transition from homelessness, and to promote the provision of supportive housing to homeless persons so they can live as independently as possible. In 2012 and 2011, the Organization received \$191,406 and \$186,114, respectively.

The Organization distributes food each week to needy individuals that qualify under the Emergency Food Assistance Program of the United States Department of Agriculture. The food that is received from the Northeast Louisiana Food Bank, Inc. is comprised of commodities donated by the Louisiana Department of Agriculture and Forestry's Food Bank program and other local donors. The value of these commodities received was \$341,861 and \$305,548 for 2012 and 2011, respectively.

The Organization was awarded grants by Local Initiatives Support Corporation ("LISC") through HUD to pay for a portion of the salary and fringe benefits for three positions: the Project Manager for the Neighborhood Stabilization Program ("NSP"), as well as a Project Assistant and the CFO. The LISC grant also provides for increasing the organizational capacity in green development by training staff in green building standards and energy efficient property management. In 2012 and 2011, the Organization received \$77,169 and \$18,558, respectively.

RAYS OF SONSHINE

Notes to Financial Statements For the Years Ended December 31, 2012 and 2011

Note 7 – Federal Grants (Continued)

The Organization has a contract by the City of Monroe, which was a pass-through grant from the Louisiana Department of Social Services, as created under Title XII American Recovery and Reinvestment Act of 2009. Services under the contract are to be provided to either prevent (at-risk) individuals and families from becoming homeless or help those who are experiencing homelessness to be quickly rehoused and stabilized. In 2011, the Organization received \$140,230. This grant had expired for 2012 and no funds were received during 2012.

Note 8 – Disclosure and Concentrations

The Organization receives a large portion of its revenue based on contracts with various Federal, State and Local agencies. Therefore, a majority of its revenue and accounts receivable are derived from these sources and are contingent upon continued funding of such programs.

Note 9 – Related Party Transactions

Certain members of the executive director's family earned a total of \$31,962 and \$27,401 in 2012 and 2011 of which \$0 both years was paid by Federal grants. Services performed include lawn care, repairs and maintenance, management of Coffee House, physical education and charitable gaming.

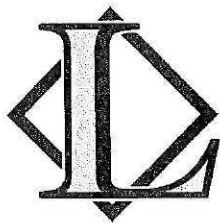
Additionally, Daniel Printing, an entity owned by the Executive Director's husband, was paid \$1,792 and \$1,653 during 2012 and 2011 and was due \$0 both years at December 31, 2012 and 2011, respectively for printing services provided to the Organization.

During 2012 and 2011, a non-voting executive board member received \$8,450 and \$9,347 for accounting services performed for the Organization.

Note 10 – Subsequent Events

Management has evaluated subsequent events through June 26, 2013, and it has determined that no significant events have occurred that are required to be disclosed.

SUPPLEMENTARY INFORMATION



LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Rays of Sonshine
Monroe, LA 71201

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Rays of Sonshine, which comprise the statement of financial position as of December 31, 2012, and the related consolidated statement of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rays of Sonshine's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rays of Sonshine's internal control. Accordingly, we do not express an opinion on the effectiveness of Rays of Sonshine's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rays of Sonshine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

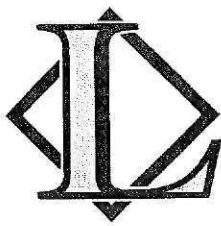
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Little E. Associates, LLC

Monroe, Louisiana

June 26, 2013



LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rays of Sonshine
Monroe, LA 71201

Report on Compliance for Each Major Federal Program

We have audited Rays of Sonshine's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Rays of Sonshine's major federal programs for the year ended December 31, 2012. Rays of Sonshine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Rays of Sonshine's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Rays of Sonshine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Rays of Sonshine's compliance.

Opinion on Each Major Federal Program

In our opinion, Rays of Sonshine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of Rays of Sonshine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Rays of Sonshine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Rays of Sonshine's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirements of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Little & Associates, LLC

Monroe, Louisiana

June 26, 2013

RAYS OF SONSHINE

Schedule of Expenditures of Federal Awards and Questioned Costs

For the Year Ended December 31, 2012

Federal Grantor Pass-Through Grantor Program Title	C.F.D.A. Number	Grant Number	Current Year Expenditures
U.S. Department of Agriculture			
Passed through the Northeast Louisiana Food Bank Emergency Food Assistance Cluster Emergency Food Assistance	10.569	Not Available	\$ 80,058
U.S. Department of Homeland Security			
Passed through the United Way Emergency Food and Shelter National Board Program	97.024	Not Available	6,397
U.S. Department of Housing and Human Development			
Supportive Housing Program	14.235	LA0117B6H051003	146,612
Supportive Housing Program	14.235	LA0163B6H050900	44,794
Passed through the Louisiana Housing Finance Agency Community Development Block Grant (Received in 2012)	14.228	Not Available	186,805
HOME Investment Partnership Program	14.239	Not Available	335,104
Passed through the Local Initiatives Support Corporation			
Section 4 FY 08 Grant	14.252	44231-0002	244
Section 4 FY 10 Grant	14.252	44231-0006	8,224
Section 4 FY 10 Grant	14.252	44231-0003	8,701
Section 4 FY 09 Grant	14.252	43446-0003	50,000
Section 4 FY2011 Grant	14.252	43446-0004	10,000
Total U.S. Department of Housing and Human Development			<u>790,484</u>
Total Expenditures of Federal Awards			<u>\$ 876,939</u>

RAYS OF SONSHINE

Notes to Schedule of Expenditures of federal Awards December 31, 2012

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of Rays of Sonshine (the Organization) for the year ended December 31, 2012 and is presented on the accrual basis of accounting. The accrual basis of accounting recognizes revenues when they are earned and expenditures when the related liabilities are incurred

Note 2 – Non-Cash Federal Awards

Included in the accompanying Schedule of Expenditures of Federal Awards is a non-cash food contribution by the U.S. Department of Agriculture in the amount of \$80,058.

Note 3 – Reconciliation of Federal Revenues with Expenditures

The Community Development Block Grant is a no-interest loan for the purposes of undertaking and satisfactorily completing the Neighborhood Stabilization Program activities. As such the expenditures (\$186,805) are recognized in the current year on the Schedule of Expenditures of Federal Awards and are recorded as a note payable as the revenues will be recognized in future years as forgiveness of debt. Amount recognized in the previous year amounted to \$159,949 for 2010 and \$1,064,260 for 2011. Total amount recorded as a note payable as of December 31, 2012 was \$1,411,014.

RAYS OF SONSHINE

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2012

Section I – Summary of Auditor's Results

Financial Statements:

Type of Auditor's Report Issued: Unqualified

Internal Control Over Financial Reporting:

Material Weakness(es) identified? Yes X No

Significant Deficiency(s) identified not considered to be material weaknesses? Yes X No

Noncompliance material to financial statements noted? Yes X No

Federal Awards:

Internal Control Over Major Programs:

Material Weakness(es) identified? Yes X No

Significant Deficiency(s) identified not considered to be material weaknesses? Yes X No

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, section 510(a)? Yes X No

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee? Yes X No

Identification of Major Programs:

CFDA #	PROGRAM TITLE
14.228	Community Development Block Grant
14.239	HOME Investment Partnership Program

RAY'S OF SONSHINE

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2012

Section II – Financial Statement Findings and Questioned Costs

There were no current findings or questioned costs noted for the year ended December 31, 2012.

Section III – Federal Awards Findings and Questioned Costs

There were no current findings or questioned costs noted for the year ended December 31, 2012.

RAYS OF SONSHINE

Summary Status of Prior Year Audit Findings

2011-01 Finding – Internal Controls

Finding: Internal controls require related employee payroll checks are to be approved and signed by an Executive Board Member. During the audit, it was noted that three blank checks in order sequence were pre-signed by an Executive Board Member for future payroll payments for a related employee of the Executive Director. The Executive Director stated there would be no Board Member available to sign the sign the related employee's payroll check, so they were pre-signed and the signed blank checks were locked up until the payroll period occurred.

Status: Resolved

Previous Response for Finding:

Management appreciates the expression of this finding which provoked a review of the process. A review of the particular occurrence identified by the audit shows it was done by the bookkeeper at the request of the board member due to family emergencies of the board member. The review also confirmed all payroll controls related to the checks were observed, i.e. payroll approval by the board, a second signature from an unrelated member of management, and signed timesheets with verification by unrelated supervisory staff. Corrective Plan: Staff and board members are receiving additional training on policies and procedures. A revised procedure is in place for this control with designated days each month for a board member to review bills and payroll and to sign the pre-printed checks for related parties and other expenditures as required by the policies and procedures.

2011-02 Finding – Internal Controls

Finding: Support should be provided along with the timesheet for allocation of payroll to various programs. During the audit, it was noted there was no documentation behind the employee's timesheet to back up the allocation of payroll to the various programs.

Status: Resolved

Previous Response for Finding:

Though the back-up documentation for the allocation of payroll is not attached to each employee's individual timesheet, the Company has an allocation plan which is reviewed annually with real-time tracking and job description update. Management developed the allocation plan based upon grantee financial training on OMB cost principles received from SAMHSA in Washington DC, and technical assistance from a large local non-profit. The tracking and verification include after-the-fact determination of each employee's actual activities and encompass the total activities for which employees are compensated. Timesheets signed by the individual employees and verified by a supervisor with first hand knowledge of the employee's activities. Corrective Plan: Management appreciates the clarification regarding documentation of its processes and is revising its procedures to provide for the placement of a copy of the allocation plan with the timesheet records.